



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

October 14, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

REQUEST FOR EXTENSION OF REPORT FOR A TEN-YEAR GRATIS LEASE WITH MOMENTUM LA, INC. TO OPERATE A BIOTECH INCUBATOR (ITEM NO. 4, APRIL 20, 2010 AGENDA)

On August 18, 2010, the Chief Executive Office (CEO) requested an extension to October 4, 2010, to report back for the Board's consideration of a lease with Momentum LA Inc. (Momentum) for the gratis use of County space at the former LAC+USC General Hospital (Hospital) to establish a biotech incubator pilot program.

Because of initial deficiencies in Momentum's business plan, which has delayed its completion, and the complexity of ongoing negotiations, we are respectfully requesting an extension of the due date for our next report to January 15, 2011. This extension will allow the CEO and County Counsel time to evaluate and complete negotiations of a business structure that will enable the County to participate in obtaining equity or other identifiable revenue streams created by the start-up incubator companies at the time of success, without potential liability. It is anticipated that royalty or warrant agreements will be used to secure the County's long-term goal in obtaining potential revenue streams from the start-up biotech companies.

As information, the CEO and Momentum have been able to agree on a substantial number of terms and conditions relating to the use of a portion of the second floor of the Hospital. In addition, the CEO and County Counsel have made progress towards developing a comprehensive contract with Momentum, which will include a detailed operating plan that defines benchmarks, a governance structure, and an educational component.

"To Enrich Lives Through Effective And Caring Service"

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The CEO has enlisted the assistance of consultants who are specialized in the field of biotech development. These advisors include Dr. Mark Lieberman, who manages the business incubator program operated by the County's Community Development Commission. Dr. Lieberman has assembled a team of renowned experts in the biotech field, who include Dr. Kevin J. Scanlon, Dr. Ananth Natarajan, MD and Richard Morganstern. They have formed a small outside advisory committee to assist CEO staff with this complex transaction.

In addition, County Counsel has retained outside specialized legal counsel to assist in the development of Momentum's operating agreement, the compensation-related documentation, and ancillary documents to complete the proposed contract. It is anticipated that CEO staff will present the details of the transaction at the appropriate cluster group meeting upon its completion to provide the Board offices with the opportunity to discuss the matter in detail.

If you have any questions or need additional information, please let me know, or your staff may contact William Dawson at (213) 974-3078 or wdawson@ceo.lacounty.gov.

WTF:BC:SK
WLD:CM:kb

c: Executive Office
County Counsel

RequestforExtensionItem4.Update 10-2010 BrdMem